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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.		
09/698,586	10/27/2000	Jacob Wohlstadter	W0538/7003 TJO	W0538/7003 TJO 3464		
7590 12/29/2004			EXAM	EXAMINER		
Timothy J Oyer			DASS, HA	DASS, HARISH T		
Wolf Greenfield		ART UNIT	PAPER NUMBER			
600 Atlantic Avenue Boston, MA 02210			3628			
			DATE MAILED: 12/29/2004	DATE MAILED: 12/29/2004		

Please find below and/or attached an Office communication concerning this application or proceeding.

		Applicat	ion No.	Applicant(s)	
			86	JACOB WOHLSTAI	DTER
Off	ice Action Summary	Examine	r	Art Unit	
		Harish T		3628	
The M Period for Reply	AILING DATE of this communi	cation appears on th	e cover sheet with the	correspondence add	ress
THE MAILING - Extensions of tir after SIX (6) MC - If the period for - If NO period for - Failure to reply Any reply receiv	ED STATUTORY PERIOD FO 3 DATE OF THIS COMMUNIO me may be available under the provisions of NTHS from the mailing date of this commu- reply specified above is less than thirty (30 reply is specified above, the maximum state within the set or extended period for reply we ed by the Office later than three months af arm adjustment. See 37 CFR 1.704(b).	CATION. of 37 CFR 1.136(a). In no exprincation. of days, a reply within the statutory period will apply and will, by statute, cause the ap	vent, however, may a reply be to stutory minimum of thirty (30) da vill expire SIX (6) MONTHS froi plication to become ABANDON	imely filed sys will be considered timely. the mailing date of this content (St. 1888).	nmunication.
Status					
2a) ☐ This ac 3) ☐ Since t	nsive to communication(s) filed tion is FINAL . 2 his application is in condition f in accordance with the practic	b)⊠ This action is a or allowance excep	non-final. t for formal matters, p		merits is
Disposition of C	laims				
4a) Of to 5)	s) 1-92 is/are pending in the aphe above claim(s) 3-7 and 9-9 s) is/are allowed. s) 1,2 and 8 is/are rejected. s) is/are objected to. s) are subject to restrict	2 is/are withdrawn f			
Application Pap	ers				
10)∭ The dra Applicar Replace	ecification is objected to by the wing(s) filed on is/are: nt may not request that any objectement drawing sheet(s) including the or declaration is objected to	a) accepted or b tion to the drawing(s) the correction is requi	be held in abeyance. So red if the drawing(s) is o	ee 37 CFR 1.85(a). bjected to. See 37 CFF	• •
Priority under 35	5 U.S.C. § 119				
12) Acknow a) All 1. C 2. C 3. C	ledgment is made of a claim for b) Some * c) None of: Certified copies of the priority of Certified copies of the priority of Copies of the certified copies of the priority of Copies of the certified copies of the Internation attached detailed Office action	locuments have bee locuments have bee f the priority docum al Bureau (PCT Ru	en received. en received in Applica ents have been receiv le 17.2(a)).	tion No red in this National S	itage
2) 🔲 Notice of Drafts	ences Cited (PTO-892) sperson's Patent Drawing Review (PT closure Statement(s) (PTO-1449 or F ail Date	•	4) Interview Summar Paper No(s)/Mail [5) Notice of Informal 6) Other:		152)

DETAILED ACTION

Note: In response to ELECTION/RESTRICTION REOUIREMENT dated March 9, 2004, the Applicant has elected Group 1, Figure 1, with traverse, and readable claims upon Figure 1, include claims 1, 2, and 8.

Specification

1. The disclosure is objected to because it contains an embedded hyperlink and/or other form of browser-executable code. Applicant is required to delete the embedded hyperlink and/or other form of browser-executable code. See MPEP § 608.01. For example: page 4 line 17.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-2 and 8 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave

Congress the power to "[p]romote the progress of science and useful arts, by securing

for limited times to authors and inventors the exclusive right to their respective writings

and discoveries". In carrying out this power, Congress authorized under 35 U.S.C.

§101 a grant of a patent to "[w]hoever invents or discovers any new and useful process,

machine, manufacture, or composition or matter, or any new and useful improvement

thereof." Therefore, a fundamental premise is that a patent is a statutorily created

vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See In re Musgrave, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See Diamond v. Diehr, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See State Street Bank & Trust Co. v. Signature Financial Group, Inc. 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See In re Toma, 197 USPQ (BNA) 852 (CCPA 1978). In Toma, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to Gottschalk v. Benson, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

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The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In re Toma at 857.

In Toma, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in State Street Bank & Trust Co. v. Signature Financial Group, Inc. never addressed this prong of the test. In State Street Bank & Trust Co., the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See State Street Bank & Trust Co. at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under °101, but rather under §§102, 103 and 112." See State Street Bank & Trust Co. at 1377. Both of these

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analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, State Street abolished the Freeman-Walter-Abele test used in Toma. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in Toma because the invention in State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the Toma test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See Ex parte Bowman, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, Claims 1-2 and 8 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts; for example: "computer is used to calculate average ..."

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

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Claims 1-2 and 8 are rejected under 35 U.S.C. 103(a) as being unpatentable over Buist (US 6,408,282) in view of Bates, William, New York Times, col. 1, pg. 1, Sec. 2, August 14, 1997 (hereinafter Bates).

Re. Claims 1-2 and 8, Buist discloses a system and method of the preferred embodiment supports trading of securities over the Internet both on national exchanges and outside the national exchanges [see entire document particularly],

consummating by a first party and a second party a transaction in the security, the first party and the second party being distinct from the entity [Abstract; Figures 1-10; Col. 1 line 5 to Col. 4 line 12], and

selling the security by a first party to a second party, the first and second parties being distinct entities from the issuing entity [Abstract; Figures 1-10; Col. 1 line 5 to Col. 4 line 12].

Buist does not explicitly disclose paying a royalty on the transaction to the entity,

wherein the step of paying a royalty on the transaction is performed by at least one of the first party and the second party and

paying a royalty on the sale of the security to the entity that issued the security. However, Bates, discloses these steps. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to combine the disclosures of Buist and Bates to make collectors/art dealers (security trading party) to pay royalty fee to the artist (originator or the art) when collectors/art dealers resell the art to allow the artist to make income from newly generated profit.

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Conclusion

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4. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR ' 1.111 (c) to consider the references fully when responding to this action.

Newsletter "E* Trade says it now has over 400,000 on-line stock trading accounts", Web Finance, v 2, n 8, p 1+, April 20, 1998. Discloses E*Trades International expansion and plan to collect small royalty fee.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T Dass whose telephone number is 703-305-4694. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S Sough can be reached on 703-308-0505. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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